

Legislative History for Connecticut Act

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Bill Number: 33
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CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
2008

VOL. 51

PART 4

948-1261

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Senate

April 3, 2008

Calendar Page 6, Calendar 74, File 64, Substitute for Senate Bill 33, An Act Implementing the Governor's Recommendation with Respect to Social Services Pharmacy Programs, Favorable Report of the Committee on Human Services and Appropriations.

THE CHAIR:

Senator Harris.

SEN. HARRIS:

Thank you, Mr. President. Good to see you today.

THE CHAIR:

Good to see you too, Sir.

SEN. HARRIS:

Mr. President, I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

On acceptance, will you remark further, Sir?

SEN. HARRIS:

Thank you, Mr. President. This bill, in Sections 1 and 2, will enable the Department of Social Services

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to receive rebates on non-formulary drugs under the Medicare Part D Program.

And in Section 3, we have a carve out of pharmaceutical services under our HUSKY A and B and our SAGA program. And this section will enable the Department of Social Services to receive rebates from the drug companies that were formerly going to the Managed Care organizations.

The first part will bring in about \$6 million annually to the State of Connecticut. And the second part that I described will bring in about \$11.4 million.

I want to thank the Governor, Secretary Genuario, and the Office of Policy and Management, Commissioner Starkowski and the Department of Social Services for aggressively pursuing this. And I urge that they continue to do so. Thank you, Mr. President.

THE CHAIR:

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Thank you, Senator Harris. Will you remark?
Will you remark further on the bill? Will you remark?
If not, Mr. Clerk, please call the roll call. The
machine will be open.

THE CLERK:

An immediate roll call has been ordered in the
Senate. Will all Senators please return to the
Chamber.

An immediate roll call has been ordered in the
Senate. Will all Senators please return to the
Chamber.

THE CHAIR:

Has everyone voted? If everyone has voted, the
machine will be locked. The Clerk will call the
tally.

THE CLERK:

Motion is on passage of Senate Bill 33.

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Total number voting, 34; those necessary for passage, 18. Those voting "yea", 34; those voting "nay", 0. Those absent and not voting, 2.

THE CHAIR:

The bill passes. Senator Looney.

SEN. LOONEY:

Yes, thank you, Mr. President. Mr. President,
would move for suspension for immediate transmittal to
the House of Representatives of the last acted-upon
item.

THE CHAIR:

Hearing and seeing no objection, so ordered, Sir.

SEN. LOONEY:

Thank you, Mr. President.

THE CHAIR:

Thank you. Mr. Clerk.

THE CLERK:

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House of Representatives

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transmittal of the last item to the Senate for further
action.

DEPUTY SPEAKER GODFREY:

The question is on the suspension of the rules.

Is there any objection? Hearing none, so ordered.

Representative Donovan.

REP. DONOVAN: (84th)

Mr. Speaker, I move for the suspension of the rules for the immediate consideration of Senate Bill Number 33.

DEPUTY SPEAKER GODFREY:

Is there objection to the immediate consideration of Senate Bill Number 33? If not, the Clerk is in possession of Senate Bill Number 33. The Clerk please call Senate Bill Number 33.

CLERK:

Senate Bill Number 33, AN ACT IMPLEMENTING THE GOVERNOR'S RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PHARMACY PROGRAMS, Favorable Report of the Committee on Appropriations.

DEPUTY SPEAKER GODFREY:

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The distinguished Chairman of the Human Services Committee, Representative Peter Villano.

REP. VILLANO: (91st)

Thank you very much, Mr. Speaker. Mr. Speaker, this legislation, I move adoption of the Joint Committee's Favorable Report in concurrence with the Senate.

DEPUTY SPEAKER GODFREY:

The question is on acceptance and passage in concurrence. Please explain the bill, please, Sir.

REP. VILLANO: (91st)

Thank you again, Mr. Speaker. This legislation expands the pharmaceutical manufacturers' rebate program with the Department of Social Services to include Medicare Part B non-formulary drugs for dually eligible Medicare and Medicaid clients.

The bill is needed, Mr. Speaker, to counter a recent federal ruling that such rebates violate existing Medicaid agreements. And that ruling resulted in DSS returning some-\$3 million to manufacturers.

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Further, based on a rebate, on the number of rebates collected before the ruling by CMS, the bill will allow the state to receive an estimated \$17 million each year from now on.

Finally, the bill clarifies the Department's authority to seek rebates under all of its Medicaid programs, including Medicaid Fee-For-Service, SAGA, ConnPACE and HUSKY, as well as Medicare Part D. I move adoption.

DEPUTY SPEAKER GODFREY:

Representative Gibbons.

REP. GIBBONS: (150th)

Thank you, Mr. Speaker. This bill is as described by Representative Villano, and I urge adoption from all the Members. Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, Madam. Will you remark further on the bill? Will you remark further on the bill? If not, staff and guests please come to the Well of the House. Members take your seats. And the machine will be open.

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House of Representatives

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CLERK:

The House of Representatives is voting by Roll
Call. Members to the Chamber. The House is voting by
Roll Call. Members to the Chamber, please.

DEPUTY SPEAKER GODFREY:

Have all the Members voted? Have all the Members
voted? Have all the Members, including, have all the
Members, including Representative Bartlett, voted? If
so, the machine will be locked. The Clerk will take a
tally, and the Clerk will announce the tally.

CLERK:

Senate Bill Number 33, in concurrence with the
Senate.

Total Number Voting	143
Necessary for Passage	72
Those voting Yea	143
Those voting Nay	0
Those absent and not voting	8

DEPUTY SPEAKER GODFREY:

The bill is passed in concurrence with the
Senate. Representative Donovan.

REP. DONOVAN: (84th)

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House of Representatives

April 3, 2008

Mr. Speaker, I move for immediate suspension of the rules for the immediate transmittal to the Governor of the last item.

DEPUTY SPEAKER GODFREY:

Is there objection? Hearing none, the rules are so suspended. Are there any announcements? Are there any announcements? Representative Roy of the 119th.

REP. ROY: (119th)

Thank you, Mr. Speaker. Yes, Mr. Speaker, for a personal privilege, for an announcement.

DEPUTY SPEAKER GODFREY:

Please proceed, Sir.

REP. ROY: (119th)

Thank you. Would Members of the Environment Committee please report to the Hall of the Flags for a group photo. Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, Sir. Representative Urban.

REP. URBAN: (43rd)

Thank you, Mr. Speaker.. For a point of personal privilege.

DEPUTY SPEAKER GODFREY:

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an open, transparent, and competitive bidding process. Recently, the state engaged in an open, transparent, and competitive bidding process for its state employees and retirees health insurance. The result of which saved the state \$55 million beyond what was estimated and what was budgeted for.

The Department of Social Services is in the process of conducting such an open, transparent, and competitive bidding process for our MCOs and we are cautiously optimistic, though it is certainly not an identical pool of people and there are other challenges involved, that open, competitive, and transparent bidding process will provide us with an effective way to provide insurance is for the lower income populations of our state.

To delay that process would be costly, could disrupt the appropriate management of care for these populations, and will not serve to our way of thinking any productive purpose.

So we would ask that you not delay that process and allow that process to go forward so that citizens of this state, so that the lower income populations of the state can maintain an appropriate insurance system, and so the taxpayers of the state can maintain that system at the lowest and most competitive costs. I thank you for your time and I will turn it over to Commissioner Starkowski.

COMM. MICHAEL STARKOWSKI: Good morning, Senator Harris, Representative Villano, and Members of the Committee. My name is Michael Starkowski.

SB 32,34
SA 22
HB 5617
HB 5618

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I am the Commissioner of the Department of Social Services.

Unlike Bob, I did submit, Secretary of OPM, I did submit written testimony. What I would like to do is go through briefly some of the highlights of my testimony. And speak on some of the bills that, actually, Bob had referred to.

Senate Bill 32, AN ACT CONCERNING THE FINANCIAL CONDITION OF NURSING HOMES, I think that the administration and members of his legislative body are all in agreement that we need to have enhanced oversight of nursing homes in the State of Connecticut.

What we would like to do and what this bill tries to do is implement an oversight system to ensure that we have an early warning system in place identify those problems, financial problems, nursing homes so we can try to remedy those problems or at least try to address before they turn to disasters like some of the disasters we've seen through different times throughout our years working with skilled-nursing facilities.

The bill specifically addresses a number of issues that we've identified working with the skilled-nursing facilities. I'm looking at what we think are some of the best early indicators to try and identify the problems and try to put the nursing home industry back on track so that we don't end up in those typical situations.

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a lot more closely. And we won't be getting into these situations that have happened recently.

In addition, the Governor has asked 45 staff in the Department of Social Services that would be able to ensure this quality assurance program could be implemented.

On Senate Bill 33, AN ACT IMPLEMENTING THE GOVERNOR'S RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PHARMACY PROGRAMS, at the present time we do get supplemental rebates and standard rebates from our fee for service program and our CONNPACE program.

As you know, on February 1st we move all the HUSKY clients under our preferred drug list, which is the same as the drug list we now use for our CONNPACE program, the fee-for-service program.

We also provide pharmaceuticals for those individuals that are dual eligible and are on Medicare Part D, where their part of the plan does not cover a particular drug because it is a non-formulary drug. We provide that drug that is an exception process authorized through legislation last year.

In those two particular situations right now we do not get a supplemental rebate or an enhanced rebate. What this bill does is authorize the agency to require manufacturers to participate in all of the DSS programs including the SAGA program, including the exception process and

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Medicaid Part D, including those individuals that were in the HUSKY program and moved over.

It would require all of those to provide as a supplemental rebate. On an average those rebates between a combination of the average rebate and a supplemental rebate, we get about 18% to 20% back from the manufacturers.

I think it is a real cost-effective measure for the department. It just applies a standard that we have already had out there for fee-for-service to all the other pharmacy programs.

Senate Bill 34, AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PROGRAMS, funding for the interpretive services as Section 1, I think I have explained before although the \$4.7 million is not in the budget for, recommended in the Governor's budget for FY '09, we do have authorization to continue the process. And to go out and obtain interpreter services for a fee-for-service population.

The medical interpreter services program, we already provide interpreter services to our HUSKY clients, to our managed care entities. They are contractually obligated to provide the services.

The dollars that we are appropriating this year, \$1.1 million, and \$4.7 million was appropriated for next year. We are in the process now. We have had a number of discussions with the Interpreter Association.

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ownership of the property until the landowner also decides he wants to sell?

COMM. MICHAEL STARKOWSKI: No, but what we found from our experiences in most situations even though this gets identified a lot of times as a problem when we are in receivership or bankruptcy.

REP. SCHOFIELD: Yeah, I understand.

COMM. MICHAEL STARKOWSKI: It's that receivership or bankruptcy, everything is sold lock stock and barrel. So when those particular situations the facility is sold with the land, the management, and the entire administration of the facility. So we don't think it is going to be a problem in the future.

Most of the real estate investment trusts that are out now would probably welcome somebody coming in and take over the property.

REP. SCHOFIELD: So the landowners are willing is to sell.

Then I had a question also on Senate Bill 33, I'm not sure I understood correctly, I know that you're moving pharmacy out of HUSKY so that the DSS will be administering it yourself. Doesn't that automatically put it in essence into the fee-for-service program so that it qualifies for rebates?

COMM. MICHAEL STARKOWSKI: And that, we move the people back into the fee for service, we are just trying to make sure that there is no

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question from the manufacturer questioning whether the individual is still under managed care so that owe us the [inaudible].

So what we are trying to do is just make sure that there is one statute that applies to all the programs in this. Because anybody who comes into DSS now for pharmacy services where do they are on SAGA, fee-for-service, HUSKY A, HUSKY B, CONNPACE, they are all going to be under the same system. Okay.

REP. SCHOFIELD: Because I believe in other states where they have carved back in the pharmacy, if the claim is paid by the agency, it automatically qualifies for the rebate.

COMM. MICHAEL STARKOWSKI : This came to our attention by some manufacturer who was already questioning whether [inaudible].

REP. SCHOFIELD: Okay. And last question, well, had to do with the medication administration and residential-care homes. In adding this requirement for their employees to provide the medication are you adding any funding to them to train those employees?

COMM. MICHAEL STARKOWSKI: We have not identified the funding, we are working with the Department of Public Health, and we understand that may be a problem getting people trained expeditiously. We will work with them to find and make sure there is adequate training.

REP. SCHOFIELD: But you haven't put in, do you anticipate putting any funding in their?

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COMM. MICHAEL STARKOWSKI: No, we have not identified any.

REP SCHOFIELD: Okay. Thank you, appreciate that. Thank you, Chairman.

SEN. HARRIS: Thank you, Representative Schofield. Representative Jarmoc did you have a question?

REP. JARMOC: Good morning. How are you? I just wanted to talk for a minute about House Bill 5617 in regard to the Charter Oak plan. And I am just trying to get a better understanding in regard to that plan. I understand you want to keep the cost down. And you feel this is filling an important niche, a special niche for healthcare.

What concerns me is the lack of mental healthcare in this plan. And I just wanted to try to get an understanding of your philosophy behind how that is not in this plan. You know, you have mentioned about the waitress at the diner who you say.

And I'm thinking, what if that waitress is bipolar? She could not be served by this plan. And what if she is a victim of domestic violence? And she needs some counseling to help her through that? How can she through this health insurance plan access that kind of care?

I know I just think that I don't see mental health and physical health as two separate things. I see it as overall health. I do not

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recommendations and conclusions and some assessments.

Having a quarter or two quarters of information, really doesn't provide anything to give a legislative body any pictures.

SEN. HARRIS: Thank you. Onto Senate Bill 33, yes, I do have a couple questions on it. Is there a timing issue with this? Do we do this sooner rather than later in order to pick up dollars?

COMM. MICHAEL STARKOWSKI: Sooner than later, because right now as I said the Representative Schofield we are getting manufacturers, actually, refusing to provide the rebates because he didn't find any statutory authority in the State of Connecticut that would require them to provide the rebates.

SEN. HARRIS: So literally every day we could be losing some.

COMM. MICHAEL STARKOWSKI: Okay.

SEN. HARRIS: Senate Bill 34. The issue interpreters, I understand from what you testified to at the subcommittee and then stated here again today that the reason for taking out the 4.7 million is because the program is not going to be up and running until what is it?

COMM. MICHAEL STARKOWSKI: January 2009.

SEN. HARRIS: 2009, so we don't need that money.

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2008



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

(TI)

*TESTIMONY PRESENTED TO THE HUMAN SERVICES COMMITTEE
February 26, 2008*

*Robert L. Genuario
Secretary
Office of Policy and Management*

Testimony Supporting

Senate Bill No. 32, AN ACT CONCERNING THE FINANCIAL CONDITION OF NURSING HOMES,

Senate Bill 33, AN ACT IMPLEMENTING THE GOVERNOR'S RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PHARMACY PROGRAMS, AND

Senate Bill 34, AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PROGRAMS;

And Opposing

Raised Bill 5617, AN ACT DELAYING IMPLEMENTATION OF AND MAKING REVISIONS TO THE CHARTER OAK HEALTH PLAN, AND

Raised Bill 5618, AN ACT CONCERNING REVISIONS TO THE HUSKY PLAN.

Senator Harris, Representative Villano and distinguished members of the Human Services Committee, thank you for the opportunity to offer testimony in support of the Governor's nursing home bill and two human services implementer bills, as well as in opposition to two other bills that are before you today.

Senate Bill 32, AAC THE FINANCIAL CONDITION OF NURSING HOMES, enhances the Department of Social Services' ability to conduct reviews of nursing facilities planning a change in ownership or control, expands requirements for nursing homes in receivership, reinvigorates the Nursing Home Financial Advisory Committee, and stiffens the financial reporting requirements for nursing homes. All of these actions will provide greatly enhanced oversight by DSS of nursing homes, with a goal of early identification of financial stress that could potentially lead to quality of care issues. With this sort of language in place, DSS will be better positioned to identify and address fiscal deterioration of the sort that led to the Haven Healthcare situation in November, and will provide greatly enhanced accountability for the nearly \$1.3 billion the state spends on nursing home care each year.

Senate Bill 33, AA IMPLEMENTING THE GOVERNOR'S RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PHARMACY PROGRAMS, ensures that DSS can continue to take advantage of Medicare Part D rebates as well as ensure that rebates can continue to be obtained with the recent carve-out of pharmacy services from HUSKY and SAGA.

Sections 1 and 2 of the bill provide for continuation of Medicare Part D rebates. The federal Centers for Medicare and Medicaid Services (CMS) recently clarified that the Department of Social Services cannot require pharmaceutical manufacturers to provide rebates on non-formulary drugs under Medicare Part D based on existing federal Medicaid rebates agreements. This determination was made on the basis that the dually eligible clients (i.e., clients eligible for both Medicare and Medicaid services) are, in this case, receiving prescription benefits under Medicare not Medicaid. As a result, the department was forced to return approximately \$3 million in non-formulary rebates. This bill allows for the continuation of the previous rebate policy but rather than relying on the federal Medicaid rebate agreement, separate provider agreements will be established with manufacturers similar to the agreements in place under ConnPACE that requires rebates from the manufacturers if they wish to participate in the program. This language is critical and should be expedited if we are to ensure that DSS can continue to obtain manufacturers' rebates estimated in the amount of \$6 million annually.

Section 3 of the bill will ensure continuation of rebates under DSS' pharmacy carve-out. Effective February 1, 2008, DSS carved-out the pharmacy benefit from the HUSKY A, HUSKY B and State Administered General Assistance (SAGA) programs and assumed responsibility for administering the program within the agency. Net savings are assumed in the budget based on the expectation that DSS will be able to maximize the level of rebates received from the pharmaceutical manufacturers. For the pharmacy carve-out to be successful, it is critical that this legislation be in place to ensure that manufacturers be required to pay rebates at levels that mirror Medicaid (similar to ConnPACE) for claims beginning February 1, 2008, the date of the pharmacy carve-out.

Note that without passage of this bill, over \$17 million would need to be added to DSS' budget for FY09. Early passage of this bill will ensure at least \$4 million of this amount can be collected.

Senate Bill 34, AA IMPLEMENTING THE GOVERNOR'S RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PROGRAMS, makes a variety of changes to implement the Governor's budget.

Section 1 eliminates FY 09 funding for interpreters under Medicaid. As the DSS commissioner testified last Thursday, an RFP for the interpretation services is anticipated with implementation by January 1, 2009. The Governor is supportive, subject to the agreement of the legislature, of carrying forward the approximately \$1.2 million appropriated for FY 08 into FY 09 to permit these services to move ahead. It's important to note that with all of the initiatives on DSS's plate, it is unlikely that anything could be in place sooner than January 1,

The Health Care Cost Containment Committee, which is a joint union/management venture set up through negotiations with the State Employees Bargaining Agent Coalition (SEBAC) and the Office of Policy and Management in conjunction with the Retirement and Benefits Division of the Office of the State Comptroller, have been in negotiations with medical, dental and pharmacy insurance carriers providing health care services for state employees and retirees. Based on these on-going negotiations, substantial savings are expected with respect to the FY 2008-09 budgeted amounts. The contracts, which begin July 1, 2008, reflect an overall increase of 1.1% versus 6.8% assumed in the enacted budget. These negotiations allowed the Governor's Budget to be adjusted down by \$55 million to reflect the revised costs of state employee and retiree health care insurance for FY 2008-09. I should note that the negotiations are on-going.

I would like to again thank the committee for the opportunity to present this testimony. I respectfully request the Committee support Senate bills 32, 33 and 34 (with modifications as noted in my testimony), and oppose House bills 5617 and 5618. I am happy to answer any questions you may have.

(T2)



Testimony Before the Human Services Committee

LEGISLATION INTRODUCED AT THE REQUEST OF GOVERNOR RELL

S. B. No. 32 AN ACT CONCERNING THE FINANCIAL CONDITION OF NURSING HOMES.

S. B. No. 33 AN ACT IMPLEMENTING THE GOVERNOR'S RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PHARMACY PROGRAMS.

S. B. No. 34 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PROGRAMS.

TESTIMONY IN OPPOSITION TO:

H. B. No. 5617 (RAISED) AN ACT DELAYING IMPLEMENTATION OF AND MAKING REVISIONS TO THE CHARTER OAK HEALTH PLAN.

OTHER LEGISLATION CONCERNING THE DEPARTMENT OF SOCIAL SERVICES:

S. B. No. 415 (RAISED) AN ACT CONCERNING APPROPRIATIONS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM AND GRANTS FOR EMERGENCY AND COMMUNITY FOOD SITES.

Proposed H. B. No. 5072 AN ACT CONCERNING APPROPRIATIONS TO IMPROVE NURSE STAFFING RATIOS.

H. B. No. 5618 (RAISED) AN ACT CONCERNING REVISIONS TO THE HUSKY PLAN.

H. B. No. 5620 (RAISED) AN ACT RAISING THE CHILD SUPPORT AGE LIMIT.

Michael P. Starkowski
Commissioner
February 26, 2008

Testimony

Good morning, Senator Harris, Representative Villano and members of the Human Services Committee. My name is Michael P. Starkowski. I am the Commissioner of the Connecticut Department of Social Services (DSS). I am principally here this morning to testify in support of legislation introduced in the committee at the request of Governor Rell. This legislation is needed to implement a range of provisions contained in the Governor's SFY 2009 Midterm Budget Adjustment Recommendation concerning the programs, services and operations of DSS. I also have written comments for the record on several other bills on today's public hearing agenda. Specifically, I will be offering testimony in strong opposition to legislation that would delay and diminish the effectiveness of the developing Charter Oak Health Plan. I would like to begin with the legislation recommended by the Governor.

Governor's Recommended Legislation**S. B. No. 32 AN ACT CONCERNING THE FINANCIAL CONDITION OF NURSING HOMES.**

This bill implements the Governor's nursing facility oversight initiative. It will enable the Department to increase financial oversight of the state's 241 skilled nursing facilities by providing additional authority to monitor changing economic conditions. The goal is to better identify and root out the type of fiscal deterioration that led to the unprecedented bankruptcy filing of 15 Connecticut facilities owned by Haven Healthcare Inc. in November.

This initiative will strengthen financial oversight at five critical levels that affect the viability of nursing homes:

- ownership changes;
- high indebtedness;
- timely identification of unpaid bills to vendors and other ongoing financial factors;
- split real estate and operational ownership; and
- unreasonable rent payments.

Both the Connecticut Medicaid program, administered by DSS, and the federal Medicare program conduct audits of nursing homes. However, these audits are focused on "allowable costs" for rate-setting and reimbursement for the care of Medicaid and Medicare beneficiaries. While Connecticut has a number of significant limitations on allowable costs recognized by the Medicaid rate, there is no comprehensive review of a nursing home owner's entire book of business (revenue and expenditures). This means that the whole picture of an individual or chain owner is not analyzed. Currently, in Connecticut and most other states, there is essentially no formal financial oversight of the operations responsible for caring for our most frail and needy elders and people with disabilities.

capped by DSS as maximum fair rent. When a facility is under receivership, the receiver has to apply to and receive approval from the court for the payment of rent to the owner. At the present time, there are no financial limitations on the amount of rent reimbursement for the owner the receiver may request from the court. With no limitations, these payments could be set at an amount far in excess of property reimbursement amounts allowed under Medicaid. A revision to the receivership statute is being proposed so that property costs set by the courts will not exceed the fair rental value allowance set by Medicaid.

The Governor's recommendation funds 5 additional staff at DSS to help with implementation of this comprehensive financial oversight initiative.

We understand there are several other nursing home oversight proposals before the state legislature this session. While I believe the Governor offers the most comprehensive approach, I would be happy to work with the Human Services Committee on any of the initiatives currently before the committee.

S. B. No. 33 AN ACT IMPLEMENTING THE GOVERNOR'S RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PHARMACY PROGRAMS.

This legislation expands our pharmaceutical manufacturers rebates to the State of Connecticut for any pharmaceutical paid for in any of the Department's medical assistance programs, including Medicaid fee-for-service; Medicare Part D non-formulary drugs paid by the Department; SAGA, ConnPACE, and HUSKY. Adoption of this bill will result in a significant savings to the state as rebates collected average approximately 18-22%.

Currently the Department collects rebates only for Medicaid fee-for-service (under the federal rebate program) and ConnPACE (under a separate individual manufacturer rebate contract). The Department is not able to collect rebate for Medicaid Part D non-formulary drugs paid for by the Department for our clients who are both eligible for Medicare and Medicaid.

I am asking the Committee to report this legislation favorably to the Senate Floor as soon as possible so that the enhanced rebates can be experienced at the earliest possible time.

S. B. No. 34 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PROGRAMS.

Funding for Interpreter Services (Section 1)

The Governor's Recommended Budget proposes to eliminate \$4.7 million in funding for interpreter services. The original SFY 2008 - 2009 budget included funding of \$1.175

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703 Whitney Avenue . New Haven, CT 06511
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February 26, 2008
TESTIMONY
HUMAN SERVICES COMMITTEE
Re: HB-5617, HB-5618 and SB-34
Ellen Andrews, Executive Director, CT Health Policy Project

Thank you for this opportunity for input on these important pieces of legislation.

We are very optimistic about the Charter Oak Plan and the potential to provide coverage to thousands of Connecticut residents who struggle every day to access health care. HB-5617, AA Delaying Implementation of and Making Revisions to the Charter Oak Plan, contains important consumer protections and gives state policymakers more time to ensure development of a sustainable program that will effectively cover the people who need it. Among other protections, the bill remedies an important injustice in the current Charter Oak Plan – that people must be uninsured for six months before becoming eligible. This leaves out those who have purchased individual coverage, either for need or because they do not want to place themselves and their families in the financial jeopardy that accompanies uninsurance. It is unfair and counterproductive to exclude these Connecticut residents, who have been making significant sacrifices to pay for expensive individual coverage. The bill also reduces consumer cost sharing, adds back critical services such as dental, vision and comprehensive mental health benefits, removes unrealistic caps on benefits, provides consumers access to outside utilization review, and includes the very reasonable standard that Charter Oak managed care companies must spend at least 85 percent of revenues on medical services.

The bill also separates the Charter Oak Plan procurement from HUSKY. This is critical for several reasons. As you are aware, the HUSKY program has had a troubled past. While we are confident that recent changes will improve the program immeasurably, linking two essentially new programs serving different populations with different needs and different rights under law just adds to complexity and reduces flexibility in both. It is also likely that more managed care organizations would be interested in participating in either program alone. In fact, ConnectiCare indicated to DSS an interest in bidding only on the Charter Oak Plan which is currently precluded, denying consumers and the state another option to cover Connecticut's uninsured. We urge passage of HB-5617.

I also urge you to pass HB-5618, AAC Revisions to the HUSKY Plan. In the last four months, the HUSKY program has been through a series of changes, most importantly new public accountability protections and a release from capitation. While we are confident that eventually these changes will help repair the program and improve access to care, change is always hard. The bill gives HUSKY families and the state time to evaluate the changes and make thoughtful, considered plans for the future of the program.

The bill reverses a last-minute, unintended addition to last year's budget directing DSS to implement premium assistance in HUSKY. Premium assistance requires HUSKY families with access to employer-sponsored insurance to enroll in that plan and disenroll from HUSKY, if the plan is less expensive than HUSKY. DSS would somehow reimburse families for co-pays, premiums, co-insurance and services that are often not covered in policies available to low-wage workers such as vision, dental and prescriptions. It is unlikely that working families on HUSKY would have the liquid cash to pay up-front for those services and await repayment by DSS, so more than likely, children and families would simply not get care. Many other states, with mature Medicaid managed care programs that are not undergoing the kind of transition HUSKY is currently experiencing, have tried to make premium assistance work and failed. DSS has not yet implemented premium assistance. It is unwise and never should have been added to the budget; passage of HB-5618 would repair that mistake.

However, passage of SB-34, AA Implementing the Governor's Budget Recommendations with Respect to Social Services Programs, would reverse hard-won recent progress in HUSKY. The bill would eliminate important funding for medical interpreter services. At this month's Medicaid Managed Care Council, CT Voices for Children presented on the very high and growing rate of costly emergency room visits by HUSKY patients. 38% of HUSKY children under age 21 visited an ER at least once in 2006. Spanish-speaking children were at special risk of needing to access care at an ER. Many doctor's offices cannot afford medical interpretation resources and patients who do not speak English may be forced to get care at the ER, costing taxpayers far more than an office visit.

The bill also weakens the current definition of medical necessity for Medicaid and HUSKY. This definition has been working well for decades, ensuring that consumers receive the services that the state is paying for. The proposal is accompanied by an estimated savings of \$4.5 million in the Governor's budget proposal, presumably from reduced services to patients. Again, this is ill-timed and ill-considered and we urge you not to pass SB-34.

Thank you for the opportunity to comment on this important legislation and for your commitment to the health of all Connecticut residents.

Husky Alternative No Bargain

In last-minute, behind-closed-doors state budget negotiations this year, a little-noticed provision was added that is supposed to promote employer insurance coverage, if available. A closer look, however, shows that the provision will force families off Husky, the state's sub-

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sidized health insurance program serving hundreds of thousands of poor children, and onto an insurance package with fewer benefits.

A giant legislative mistake that needs to be fixed? Absolutely, and for many reasons.

Called "premium assistance," this program has been tried in more than a dozen states and hasn't worked. Husky is a great bargain for the state — we paid only \$2,328 per person last year — compared with private insurance in Connecticut, which averaged \$4,848 for single coverage in small groups.

Premium assistance may benefit consultants more than children. It requires a detailed analysis, by expensive consultants, to determine the cost-effectiveness for each employee's benefit package. The cost of that analysis is usually far more than any savings from the program.

But beyond the waste of tax dollars on consultants and analysis, the state would be paying more for less coverage.

Consider two families of three, the Joneses and the Smiths, both making \$20,000 a year, above minimum wage for a full-time job. A parent in the Jones family works at Mega-Mart (a large employer of Husky families); the parent in the Smith family works at a small mom-and-pop grocery store that doesn't offer health benefits.

Under premium assistance, the Joneses will have to pay at least \$1,050 of health care costs out of their own pockets before their insurance kicks in, and the state promises to somehow reimburse them for those costs. After insurance kicks in, they will have to pay \$20 for each doctor visit and up to \$50 for each prescription; the state promises to somehow reimburse them for those costs. The Joneses will have \$228 a month toward insurance taken out of their paycheck, and the state promises to somehow reimburse them for those costs.

Under Husky, the Smiths will get health care as they need it, without paying thousands of dollars out of pocket; no need to wait for the state to somehow reimburse them. In all likelihood, the Smith children will receive regular and preventive health care, while the Jones family will opt to forgo appointments because they cannot afford the up-front costs.

Employer health insurance, particularly for low-wage employees, usually isn't comprehensive. Many employer packages don't include prescriptions, dental or vision care. So the Jones children might not be able to get antibiotics for an infection, dental cleanings or eyeglasses. They would have to rely on the state to provide those services in another way. The Smith children, on the other hand, will continue to receive all of those services.

There is more. Despite spending millions of dollars in premium assistance, the state will have no way of knowing if the Jones children are getting any health care at all. Under Husky, the state receives reports about health care usage, such as how many children get checkups and dental visits, how many pregnant women get prenatal care and how many prescriptions are filled. But families in a premium assistance program would be outside of that system, outside any accountability.

This ill-considered initiative is exactly why public policy should not be made late at night, behind closed doors. Premium assistance is a waste of taxpayer dollars that will have little to no benefit for families in need of health insurance. Let's spend our valuable tax dollars and our efforts pursuing options that make sense and have proved successful here and in other states.

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